



MEMORANDUM

TO: Mayor and City Council

THRU: Rob Hernandez, City Manager

FROM: Melissa D. Carter, Research & Budget Director

DATE: December 15, 2016

SUBJECT: FY 2017 Budget Options

As requested by the City Council during its December 8th meeting, we have identified five options for the Council's consideration in adopting the Fiscal Year 2017 Budget. Four of the options restore funding for social services and cultural arts agencies to Fiscal Year 2016 levels. These options are summarized in the attachment "*Options to Restore Cultural/Social Services Agency Funding for FY2017.*" The City's direct contributions to non-profit agencies in FY16 totaled \$1,411,150, of which cultural agencies received \$755,000, while social services contributions amounted to \$656,150. An additional \$9,320 was budgeted in FY16 as a contingency. Tables detailing revised agency funding levels are also attached for your information.

The five budget adoption options are:

- 1) Adopting the FY17 Budget as proposed on December 8, 2016;
- 2) Delaying an additional 20 percent Freeport Inventory Tax Exemption;
- 3) Increasing the property tax rate;
- 4) Eliminating three new positions to enhance development-related services and reducing funding for key strategic initiatives in the City Manager's Office by \$200,000; and
- 5) Increasing the amount withdrawn from the City's reserves.

With regard to funding for nonprofit agencies, the following describes our preferred approach to restoring funding to FY16 levels while providing \$34,320 for grant writing technical assistance to reduce nonprofit reliance on City funding.

Cultural Arts Contributions

The Cultural Commission has recommended reduced funding for seven programs (Savannah Asian Cultural Festival, Savannah Jazz Festival, Savannah Children's Book Festival, Savannah Film Festival, Savannah Music Festival, Y Creative Arts, and Weave-A-Dream); increased funding for three programs (Deep Center Literacy, Savannah Black Heritage Festival, and Tara Feis Heritage); unchanged funding for three programs (First Friday Art March, Picnic in the Park, Telfair Museum of

Art) and funding for three new programs (Preservation Festival Block Party, Movies that Matter, and Puppetry Show for Seniors). These funding recommendations total \$764,320.

Consistent with the Council's direction to explore restoring funding to FY16 levels, our recommendation differs from the Culture Commission in that FY17 funding for these programs would remain unchanged at FY16 amounts and excludes funding new ones. In other words, while no program experiences a reduction, nor does any receive additional funding, and no new programs are funded. Under this scenario, direct contributions remain at \$755,000 and \$9,320 partially funds grant writing technical assistance.

Social Service Contributions

We recommend a similar approach for funding social service agencies except for the following agencies which did not submit an application for FY17 funding:

- Economic Opportunity Authority (*Retired & Senior Volunteer Program*)
- Mediation Center of Savannah (*Strengthening Families through Mediation and Education*)
- Center Court
- Savannah Children's Choir
- Savannah Feed the Hungry

Another agency, Parent University, submitted an application; however, it is not recommended for funding because the agency lacks diverse funding and the City would be its primary revenue source; and a high ratio of personnel costs compared to the total budget exists.

With the exception of those agencies listed above, social service agencies would receive the same amount awarded in FY16, totaling \$598,150, and an additional \$25,000 (previously awarded to Parent University) will fund training and technical assistance to seek alternative funding.

Policy Considerations

The Council also directed that we modify our nonprofit grant programs to limit funding to a maximum period of three years, with a gradual phase out during the three-year period (i.e., funding is reduced by a third in subsequent years). We will adjust those requirements as directed and will bring those recommendations before the City Council at a later date.

I hope this provides you information you need in adopting the FY17 Budget. If not, please contact me at (912) 651-6410 or Melissa Carter, Budget Director, at (912) 651-3126.

Attachments

C: Brooks Stillwell, City Attorney

Options to Restore Cultural/Social Services Agency Funding for FY 2017

Balancing Options	Remarks
Option 1: Adopt FY 2017 Budget as Proposed	<ul style="list-style-type: none"> -Requires approximately \$1.8M withdrawal from Reserves -Defers approximately \$6M in General Fund-supported capital investments -Reduces municipal operations and contributions to outside agencies
Option 2: Eliminate additional 20% Freeport Inventory Tax Exemption	<ul style="list-style-type: none"> -Restores approximately \$420,000 in General Fund Revenue to offset restored social svc/cultural arts funding with technical training assistance -Maintains 20% Freeport Inventory Tax Exemption implemented in 2016 -Does not add an additional 20% Tax Exemption, which would result in a 40%, or approximately \$800,000 net loss in General Fund revenue
Option 3: Increase Millage rate	<ul style="list-style-type: none"> -Provides additional revenue to restore Non-profit Agency support and eliminates the Proposed \$1.8M Draw from Reserves, thus positively impacting the structural GF imbalance: -Increase of .5 mills yields app. \$2.3M additional revenue;¹Median Property owner tax impact is \$28.64 above current -Increase of .75 mills yields app. \$3.5M additional revenue;¹Median Property owner tax impact is \$42.96 above current -Increase of 1.00 mills yields app. \$4.7M additional revenue;¹Median Property owner tax impact is \$57.28 above current
Option 4: (1) Eliminate three positions proposed to enhance development services; plan review and inspections (2) Reduce funding for CM initiatives by \$200,000	<ul style="list-style-type: none"> -Defers business development enhancements -Potentially affects the following City Manager Initiatives, such as: <ul style="list-style-type: none"> -Strategic Planning Process -Public Safety Camera Master Plan -Information Technology Assessment/Master Plan -Real Estate Redevelopment Study -Economic Development Strategic Plan -Rebranding Initiatives -Pay and Compensation Study
Option 5: Increase FY 2017 Proposed withdrawal from Reserves	<ul style="list-style-type: none"> -Increases projected withdrawal from reserves to app. \$2.2M - no millage rate increase, includes additional 20% Freeport Inventory Tax Exemption for a total of 40%; maintains CM and Planning Initiatives -May affect City's favorable bond rating leading to higher borrowing costs

¹Based on Median Home Value of \$143,200 for City of Savannah-Owner-Occupied Units, per 2010-2014 American Community Survey.

2017 Cultural Contributions

Organization & Program Name	2016 Budget	2017 Commission Recom.	2017 CM Proposed	2017 Revised CM Proposed
Armstrong State University Savannah Asian Cultural Festival <i>Cultural Awareness, Public Safety, Neighborhood Vitality</i> % Non-City Income: 50% % of Project budget requested from DCA in proposal 50% \$ dedicated to youth events: \$20,000 # tourists participants: 1,305	\$47,000	\$46,500	\$34,510	\$47,000
Art Rise Savannah First Friday Art March <i>Neighborhood Vitality, Economic Growth, Public Safety</i> % Non-City Income: 78% % of Project budget requested from DCA in proposal 22% \$ dedicated to youth events: \$1,800 # tourists participants: 2,000	\$10,000	\$10,000	\$7,500	\$10,000
Coastal Jazz Association Savannah Jazz Festival <i>Economic Growth & Public Safety</i> % Non-City Income: 55% % of Project budget requested from DCA in proposal 45% \$ dedicated to youth events: \$3,000 # tourists participants: 7,060	\$50,500	\$40,000	\$29,700	\$50,500
Deep Center, Inc. Deep Center Literacy Programs <i>Education, Poverty Reduction, Neighborhood Vitality, Ambassadorship</i> % Non-City Income: 80% % of Project budget requested from DCA in proposal 20% \$ dedicated to youth events: \$312,000	\$22,000	\$35,000	\$26,000	\$22,000
Historic Savannah Foundation Sav. Preservation Festival Block Party <i>Education, Neighborhood Vitality, Economic Growth</i> % Non-City Income: 56% % of Project budget requested from DCA in proposal 44% \$ dedicated to youth events: \$1,000	\$0	\$4,500	\$3,430	\$0
Live Oak Public Libraries Savannah Children's Book Festival <i>Education & Public Safety</i> % Non-City Income: 71% % of Project budget requested from DCA in proposal 29% \$ dedicated to youth events: \$293,447	\$85,500	\$85,000	\$63,000	\$85,500

Organization & Program Name	2016 Budget	2017 Commission Recom.	2017 CM Proposed	2017 Revised CM Proposed
Mountainfilm on Tour in Savannah Movies that Matter <i>Health & Environment, Education</i> % Non-City Income: 75% % of Project budget requested from DCA in proposal 25% \$ dedicated to youth events: \$15,000	\$0	\$4,500	\$3,430	\$0
Savannah Coastal Puppetry Guild Showtime for Seniors 2017 <i>Education, Health</i> % Non-City Income: 57% % of Project budget requested from DCA in proposal 42% # senior participants: 425	\$0	\$2,500	\$1,950	\$0
Savannah College of Art & Design Savannah Film Festival <i>Economic Growth & Education</i> Organization Budget \$952,115 % Non-City Income: 92% % of Org. budget requested from DCA in proposal 6% \$ dedicated to youth events: \$30,000 # tourists participants: 14,894 # hotel nights: 1,200	\$42,000	\$40,000	\$29,700	\$42,000
Savannah Music Festival <i>Economic Growth & Education</i> Organization Budget \$3,677,300 % Non-City Income: 96% % of Org. budget requested from DCA in proposal 3% \$ dedicated to youth events: \$500,000 # tourists participants: 17,497 # hotel nights: 11,750	\$119,500	\$117,000	\$86,680	\$119,500
Savannah Philharmonic Picnic in the Park <i>Economic Growth, Public Safety, Education</i> Organization Budget \$1,415,136 % Non-City Income: 91% % of Org. budget requested from DCA in proposal 9% \$ dedicated to youth events: \$76,078 # tourists participants: 3,647 # hotel nights: 350	\$80,000	\$80,000	\$59,300	\$80,000

Organization & Program Name	2016 Budget	2017 Commission Recom.	2017 CM Proposed	2017 Revised CM Proposed
Savannah State University Savannah Black Heritage Festival <i>Economic Growth, Public Safety, Education, Ambassadorship</i> % Non-City Income: 49% % of Project budget requested from DCA in proposal 51% \$ dedicated to youth events: \$156,300	\$115,000	\$116,000	\$85,940	\$115,000
Telfair Museum of Art <i>Economic Growth, Education, Ambassadorship</i> Organization Budget \$5,564,000 % Non-City Income: 66% % of Org. budget requested from DCA in proposal 2% \$ dedicated to youth events: \$104,900 # tourists participants: 140,731 # hotel nights : 149,719	\$103,000	\$103,000	\$76,505	\$103,000
West Broad Street YMCA Y Creative Arts <i>Neighborhood Vitality, Health & Environment, Education, Public Safety, & Poverty Reduction</i> % Non-City Income: 51% % of Project budget requested from DCA in proposal 49% \$ dedicated to youth events: \$2,044	\$19,000	\$15,000	\$11,200	\$19,000
Tara Feis <i>Heritage</i> % of Non-City Income: 8.50% % of Project budget requested from DCA in proposal 91.50%	\$55,500	\$61,320	\$45,475	\$55,500
Department of Cultural Affairs Weave-A-Dream <i>Education, Innovative Arts, Heritage</i> % Non-City Income: 40% % of Project budget requested from DCA in proposal 50% # youth participants: 400	\$6,000	\$4,000	\$0	\$6,000
	\$755,000	\$764,320	\$564,320	\$755,000
	\$9,320	Non-Profit Technical Assistance:		\$9,320
	\$764,320			\$764,320

2017 Social Services Contributions

AGENCY	PROGRAM	STRATEGIC PRIORITY	FUNDING CATEGORY	2016 Budget	2017 CM Proposed	2017 Revised CM Proposed
Abilities Unlimited	Progressive Exercise for Citizens with Disabilities	Culture and Recreation	Senior/Aging/Disabled Population	\$0	\$0	\$0
American Red Cross	Direct Disaster Relief	Poverty Reduction	Family/Other	\$20,000	\$20,000	\$20,000
America's Second Harvest	Agency Distribution	Poverty Reduction	Poverty Initiative	\$16,150	\$16,150	\$16,150
America's Second Harvest	Brown Bag for the Elderly	Poverty Reduction	Senior/Aging/Disabled Population	\$19,000	\$0	\$19,000
Build A Bridge Foundation of Georgia, Inc.	Life's Evolving and Progressions Program (LEAP)	Poverty Reduction	Poverty Initiative	\$0	\$0	\$0
Chatham Savannah Authority for the Homeless	Homeless Services Coordination	Neighborhood Vitality	Homeless Services	\$190,000	\$190,000	\$190,000
Chatham Savannah Citizen Advocacy	Making and Supporting Citizen Advocacy Matches	Culture and Recreation	Senior/Aging/Disabled Population	\$0	\$0	\$0
Coastal Children's Advocacy Center	Forensic Interview/Crisis Intervention	Public Safety	Crime Prevention/Justice Assistance	\$23,850	\$0	\$23,850
Coastal Georgia Boy Scouts of America	Scoutreach and Exploring	Poverty Reduction	Youth Programming	\$5,000	\$0	\$5,000
Eastside Concerned Citizens, Inc.	Certified Nursing Assistant Training Program	Poverty Reduction	Poverty Initiative	\$0	\$0	\$0
Economic Opportunity Authority for Savannah-Chatham County	Foster Grandparent Program	Poverty Reduction	Senior/Aging/Disabled Population	\$7,000	\$0	\$7,000
Economic Opportunity Authority for Savannah-Chatham County	Payee Representative Program	Poverty Reduction	Poverty Initiative	\$0	\$0	\$0
Family Promise of Greater Savannah	FPGS-SHIPP	Poverty Reduction	Poverty Initiative	\$5,000	\$0	\$5,000
First Tee of Savannah	First Tee Life Skills Program	Culture and Recreation	Youth Programming	\$7,917	\$0	\$7,917
Forsyth Farmers' Market, Inc.	Farm Truck 912, A Mobile Farmers' Market Serving Savannah with Little Access to Healthy Food	Health and Environment	Poverty Initiative	\$0	\$0	\$0
Frank Callen Boys and Girls Club	Academic Success: Power Hour	Poverty Reduction	Youth Programming	\$11,500	\$12,000	\$11,500
Frank Callen Boys and Girls Club	Community Based Mentoring	Poverty Reduction	Youth Programming	\$9,500	\$9,500	\$9,500
Frank Callen Boys and Girls Club	Healthy Lifestyles	Culture and Recreation	Youth Programming	\$11,500	\$11,500	\$11,500
Girls on the Run of Coastal GA	Program Expansion Initiative	Culture and Recreation	Youth Programming	\$0	\$0	\$0
Greenbriar Children's Center, Inc.	Early Child Development	Poverty Reduction	Youth Programming	\$20,000	\$0	\$20,000
Harambee, House, Inc.	Worker Education and Job Training Program/Center for working families	Poverty Reduction	Poverty Initiative	\$0	\$0	\$0
Living Independence for Everyone (LIFE)	Independent Living Services	Poverty Reduction	Family/Other	\$0	\$0	\$0
MedBank Foundation, Inc.	Benefits and Prescription Outreach and Assistance	Poverty Reduction	Poverty Initiative	\$10,270	\$0	\$10,270
Mediation Center of Savannah	Peer Mediation Program and	Public Safety	Crime Prevention/Justice Assistance	\$14,250	\$7,500	\$7,125
Mediation Center of Savannah	The Fatherhood Initiative	Poverty Reduction	Family/Other		\$7,500	\$7,125
Mercy Housing Southeast	Out-of-School time activities for Low-Income Youth	Poverty Reduction	Youth Programming	\$0	\$0	\$0
Parent University/Community United Services, Inc.	Parent University & Early Learning College	Neighborhood Vitality	Family/Other	\$25,000	\$0	\$0
Park Place Outreach, Inc.	Emergency Child Caring Institution	Public Safety	Youth Programming	\$14,250	\$0	\$14,250

AGENCY	PROGRAM	STRATEGIC PRIORITY	FUNDING CATEGORY	2016 Budget	2017 CM Proposed	2017 Revised CM Proposed
Rape Crisis Center of the Coastal Empire	Sexual Assault Nurse Examination Program	Public Safety	Crime Prevention/Justice Assistance	\$46,500	\$46,500	\$46,500
Recovery Place	Family Violence Intervention Program	Public Safety	Crime Prevention/Justice Assistance	\$5,000	\$0	\$5,000
Reed House, Inc.	Employment Program	Poverty Reduction	Poverty Initiative	\$0	\$0	\$0
Royce Learning Center	Adult and Community Education (ACE)	Economic Growth	Poverty Initiative	\$4,750	\$4,750	\$4,750
Savannah Association for the Blind	Comprehensive Vision Rehabilitation Services	Poverty Reduction	Family/Other	\$0	\$0	\$0
Savannah Chatham County Fair Housing Council, Inc.	SCFHC Education & Enforcement Program	Neighborhood Vitality	Family/Other	\$10,482	\$10,000	\$10,482
Savannah Navy League	Navy League, Family Support & Youth Programs	Economic Growth	Family/Other	\$0	\$0	\$0
Savannah Speech and Hearing Center	Sound Start	Economic Growth	Youth Programming	\$6,650	\$0	\$6,650
Senior Citizens, Inc.	Adult Daytime Care	Poverty Reduction	Senior/Aging/Disabled Population	\$9,790	\$9,790	\$9,790
Senior Citizens, Inc.	Family Advocates	Poverty Reduction	Senior/Aging/Disabled Population	\$20,000	\$20,000	\$20,000
Senior Citizens, Inc.	In-Home Service	Health and Environment	Senior/Aging/Disabled Population	\$10,000	\$10,000	\$10,000
Senior Citizens, Inc.	Meals on Wheels	Poverty Reduction	Senior/Aging/Disabled Population	\$20,000	\$25,000	\$20,000
Senior Citizens, Inc.	Senior Companion Program	Economic Growth	Senior/Aging/Disabled Population	\$10,291	\$10,000	\$10,291
Senior Citizens, Inc.	Sterling Rides	Poverty Reduction	Senior/Aging/Disabled Population	\$0	\$3,000	\$0
Small Business Assistance Corporation	Small Steps Lending Micro Program	Economic Growth	Poverty Initiative	\$0	\$0	\$0
Summer Therapeutic Enrichment Program of Savannah (STEPS)	STEPS Summer Camp	Culture and Recreation	Youth Programming	\$9,500	\$9,500	\$9,500
West Broad St YMCA	Youth Development Programs	Poverty Reduction	Youth Programming	\$60,000	\$30,000	\$60,000
Whitefield Foundation and Center, Inc.	GED, Financial Literacy & Elementary Tutorials	Poverty Reduction	Poverty Initiative	\$0	\$0	\$0
YMCA of Coastal Georgia	Y Readers: Afterschool Literacy Program	Neighborhood Vitality	Youth Programming	\$0	\$0	\$0
Center Court*	Substance Abuse Recovery	Public Safety	Crime Prevention/Justice Assistance	\$7,000		
Economic Opportunity Authority for Savannah-Chatham County*	Retired & Senior Volunteer Program (RSVP)	Culture and Recreation	Senior/Aging/Disabled Population	\$6,000		
Mediation Center of Savannah*	Strengthening Families through Mediation and Education	Poverty Reduction	Poverty Initiative	\$14,250		
Savannah Children's Chior*	Targeted Involvement for Choral Music Education	Culture and Recreation	Youth Programming	\$10,000		
Savannah Feed the Hungry*	Empowerment Zones: Dinners and Financial Literacy Workshops	Poverty Reduction	Poverty Initiative	\$10,000		
City of Savannah	Non-Profit Organization Technical Assistance	High Performing Government	High Performing Government	\$0	\$0	\$25,000
TOTAL RECOMMENDED ALLOCATION				\$656,150	\$452,690	\$623,150

Note: *Applications were not received for these programs in 2017